

**History and Outline of the Vending
Stand Program in the District of
Columbia**

*by Vocational Rehabilitation Division, Federal
Security Agency, U.S. Office of Education*

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Vocational Rehabilitation

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FOREWORD

This history and outline of the vending stand program in the District of Columbia has been prepared as the result of numerous requests of workers for the blind.

It is published primarily for agencies for the blind that have been designated to issue licenses to blind persons to operate vending stands in Federal buildings under the provisions of the Randolph-Sheppard Act and for other public and private agencies for the blind interested in the operation of vending stands by blind persons.

It is distributed with the hope that it may be of value in the development of similar programs throughout the country.

John A. Kratz, Director
Vocational Rehabilitation Division.

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HISTORY OF PRESENT VENDING STAND DEVELOPMENT IN WASHINGTON, D.C.

In 1934 the Buildings Branch of the National Park Service gave permits to the Vocational Rehabilitation Service for the District of Columbia to place stands in 17 federally owned and leased buildings. The Rehabilitation Service had these permits assigned to an old established private agency for the blind and the director of this agency placed these 17 stands within 1 week.

The best of the equipment consisted of an old oak desk, a chair, and a soft drink cooler. The desks and chairs were usually supplied by some department in the building and the cooler by the soft drink company. The original intention was for the stands to sell periodicals, candy, and tobacco, but it was not very long before additional similar equipment was added and the list of items expanded without further authority on the part of the Buildings Branch of the National Park Service.

During the period 1934-1937, 3 of these stands were closed, and the management of the Buildings Branch declared that the remaining 9 stands would be closed as soon as possible. The results had been very unsatisfactory and the stands and operators were a source of constant trouble to the management of the Buildings Branch.

When the Federal Service for the Blind began functioning in June, 1937, the Buildings Branch of the National Park Service, informed the Service for the Blind that blind persons and stands did not go together and the Buildings Branch was not in sympathy with the idea.

One of the remaining 9 stands was closed during the summer of 1937, and the remaining 8 permits held by the private agency were canceled in December 1937, and the permits were reissued to the Vocational Rehabilitation Service for the District of Columbia. Renewal permits were issued upon the condition that the Rehabilitation Service would supervise the stands, discipline the operators, and would observe the terms and conditions of the permits.

The Rehabilitation Service lacked funds to purchase equipment or stock and also lacked personnel to do the supervisory work. One of these 8 stands was ordered closed early in January 1938, because the operator had persisted in such violations of regulations as the sale of numbers, raffling whiskey, continued personal intoxication, encouragement of undesirable friends loafing around the stand, and complaints from creditors to whom he was indebted embarrassed the Buildings Branch.

Using this stand as an example, and applying the cooperative contract which had been made with the Welfare and Recreational Association of Public Buildings and Grounds, the Rehabilitation Service purchased the entire equity of the out-going operator in this stand and placed it upon a central control or management basis.

The Vocational Rehabilitation Service has no authority to borrow money or to own equipment in stands, or to use any of its regular appropriations for this purpose. Similar to many other public agencies, any funds received

by it are lost in the miscellaneous receipts of the Treasury Department and cannot be used except by authority of appropriation and for previously designated purposes. Because of these restrictions the Rehabilitation Service cannot directly employ all the procedures required in the operation of a retail business, and in order to realize the intent and purposes of the Randolph-Sheppard Act, the Rehabilitation Service is compelled to use the facilities of a private corporation.

The Welfare and Recreational Association of Public Buildings and Grounds in the District of Columbia operates cafeterias and other refreshment and recreational services in Federal buildings and is a quasi-government agency. It possesses all the flexibility of a private corporation, although its accounts are audited by the General Accounting Office of the United States Government. The directors of this organization agreed to act as an agent or holding company for the Rehabilitation Service and to administer the financial transactions required for the operation of the stands.

In return for this service, the Welfare and Recreational Association assessed the stands 5 percent of their gross sales to defray the Association's expense for bookkeeping and warehouse service. In addition, each stand was charged each month 1/120 of the amount invested in that stand for stock, equipment, and petty cash; thus these payments would retire the original capital investment in 10 years. The Association also charged the stand 6 percent interest on the unpaid principal, and this was collected monthly from the stand. If repairs were made to equipment or insurance was purchased for any purpose, these expenses were also deducted from the profits of the stand in the month in which the expenditure was made. One stand had an investment of \$1,200 and a sales volume of \$800 per month. The total amount collected by the Welfare and Recreational Association from this stand was \$30 for bookkeeping, \$10 per month for amortization of the principal investment and approximately \$6 per month interest, plus any repairs or incidental maintenance items required for the month. When the Rehabilitation Service wished to start a new stand, a new capital loan had to be made for that location and there was no fund accumulated from the other stands which could be used for the purchase and installation of a new stand.

This contract with the Welfare and Recreational Association continued from January 1938 to August 31, 1939, and on this date there were 15 stands in business with a total capital investment of a little over \$17,000. The amount received by the Welfare and Recreational Association was over \$1,100 for the month of August.

In the meantime, in August 1938, persons interested in the program incorporated the Washington Society for the Blind. This action was not taken until four other private agencies for the blind operating in the District of Columbia had been given an opportunity to consider the stand program and to revise their agency's procedure so as to act as an administration arm for the Vocational Rehabilitation Service for the District of Columbia. Each of these four private agencies refused to consider the proposition and work on the basis that has been found necessary to achieve good results.

In February 1939, the directors of the Washington Society for the Blind made application to the McLachlen Banking Corporation and the Reconstruction Finance Corporation for a loan of \$12,000 with which the Society planned to purchase the equity of the Welfare and Recreational Association in 10 stands that were then in business. The total obligation in these 10 stands at that time was \$8,000; and the Society planned to use the additional \$4,000 for the purchase of new stands. Both the McLachlen Banking Corporation and the Reconstruction Finance Corporation investigated the stand program as it was then being operated and unqualifiedly approved the loan. After this approval was received, it was necessary for the Washington Society for the Blind to make an operating agreement with the Vocational Rehabilitation Service for the District of Columbia which would replace the contract between the Rehabilitation Service and the Welfare and Recreational Association.

An agreement was finally reached as to the contents of the contract between the Rehabilitation Service and the Society for the Blind. It then became necessary to secure the approval of the Attorney General's department of the United States Government and the Solicitor's office of the Federal Security Agency and of various officials in the U. S. Office of Education who had responsibility for the general program. All various opinions and views were finally reconciled, and the Reconstruction Finance Corporation's check was delivered to the Washington Society for the Blind the 31st of August 1939.

By this time 15 stands had been established and financed through the Welfare and Recreational Association with a total capital investment of over \$17,000, but the collections on the amortization account as previously described had reduced the debt to \$15,448.42. Since the Society for the Blind had only \$12,000 of borrowed money with which to purchase the equity of the Welfare and Recreational Association, this Association very generously agreed to accept the Society's note for the difference between the Reconstruction Finance Corporation's loan and the net obligation, and thus a note was given by the Society to the Welfare Association in the sum of \$3,448.42. The Society made a contract to pay these two notes within 5 years, and accordingly payments are being made at the rate of \$200 per month plus interest to the McLachlen Banking Corporation and Reconstruction Finance Corporation, and \$50 per month plus interest to the Welfare and Recreational Association.

In order to simplify and clarify the entire situation, the Society agreed to charge the stands a total of 6 percent of gross sales and out of this income to attempt to meet all its responsibilities and obligations to the stand operators, to the Bank, and by saving as much as possible out of this gross income, to establish new stands without further borrowing.

Another development was taking place also during the period under discussion. The Washington Society for the Blind was offered the opportunity to act as a sponsor for vending machines in the District of Columbia and thus receive 10 percent of the gross sales of these machines as agency income. However, the Federal buildings did not permit vending machine installations, and accordingly the Society had to seek vending machine locations in non-federal buildings. Starting early in 1938 on this program, the Society has been able to establish over 300 machines selling cigarettes, candy, gum and nuts in nonfederal buildings, and the Society is now receiving as a result of

these 2 years of work over \$300 per month income from this source. Obviously the income from the sponsorship of vending machines has had to grow from that of a few cents the first month up to the present total, and the directors of the Society are optimistic in their opinion that the Society income can be very much increased over the present amount from this source. These funds have so far been put into the expansion of the stand program, but the directors of the Society are looking forward with practical anticipation to the very near future when the revenue from sponsorship of vending machines can be used entirely for social service work and the development of other employment activities for persons who cannot be served through and in the refreshment stand program.

During the period from September 1, 1939 to April 1, 1940, the Washington Society for the Blind has been able to pay all its financial obligations connected with the stand program, to establish six new stands, and to pay for these new capital investments out of the savings accumulated through the 6 percent of sales charge and the amounts collected from the sponsorship of vending machines in nonfederal buildings. The Society has not borrowed any additional funds from any source and has not found it necessary to buy equipment or supplies on a deferred payment basis. The total sales volume of the 21 stands is now averaging over \$5,000 per week. At least 4 of these 21 stands are so low in sales volume that they could be abandoned without serious effect upon the sales total or agency income. Obviously, since the Society has no other source of income except the two described, it is necessary for the Society to pay all its expenses in the same manner as any other business is operated. Such expenses include office rent and telephone, bookkeeper and traveling expense, insurance of all kinds including public liability, fire and workmen's compensation, repairs, and replacement of equipment to the stands after they are established, additional equipment as required when business expands in a particular stand or the character of the original business changes and financial emergency loans to stand operators when required.

One of the stands has been set aside as a training stand. A permanent sighted staff is employed at this location, and blind persons, as trainees, are employed in the stand for a sufficient length of time either to determine their fitness or unfitness for such work, and if acceptable, the trainee is kept at the training stand until a regular location is made available and the trainee is then moved to the permanent job and is thus placed in the regular service with the group. If an operator who is already employed, is failing because of difficulties which the supervisor does not have time to correct, that old operator may be brought to the training stand for a month or two and an effort is thus made under more ideal conditions to correct the unsatisfactory habits of the particular operator. The trainee is given a training allowance from the training stand. The net profits of this stand will be used to assist in the expense of the trainer who will also be a qualified merchandising supervisor and who will work with all the stands in this capacity.

The supervising problem is a very difficult one. Originally when the program was established in January 1938, a man was assigned by WPA to the Vocational Rehabilitation Service for the purpose of assisting in the supervision of the stands. He worked alone until July of 1938 when the Vocational Rehabilitation Service employed a regular staff man and assigned him

to rehabilitation service for the blind in the District of Columbia. These two men did all the supervision work up until September 1939, when the Washington Society for the Blind began to function. At this time the man who had been on WFA and had demonstrated his ability as a bookkeeper, was employed by the Society for the Blind as its bookkeeper, and any other available time assigned to general supervision. The Vocational Rehabilitation Service has not secured approval for more than one staff member to work with the total problem in the District of Columbia, and much of his time must be spent on general rehabilitation problems and cannot be given solely to either the promotion of stand locations or supervision after they are established. Accordingly, some further provisions need to be made either through the Rehabilitation Service or the Society for the Blind for employment of additional supervisory staff required as this program develops. Even with the personnel described and now working in this activity, experience indicates that the stands are not as well supervised as they should be and additional personnel is immediately required before future expansion can be effected on a sound basis. At least one merchandising supervisor might well be employed for each group of 12 stands.

So far as it can be ascertained, the Washington Society for the Blind is the only agency of its kind that has written into its constitution a prohibition against soliciting funds from the general public. It is also the first agency that has ever started without donations or appropriations and has within the period of time described assumed the operation of a retail sales business aggregating nearly \$300,000 per year, and is operating such a business on a self-supporting, self-perpetuating basis. Twenty-one blind persons now served by the agency and four other blind persons who act as assistants in some of the stands receive a total annual income of over \$50,000. So far as is known, there is no other group of 25 average blind persons in any one city or community in the world with as large an annual unsubsidized income.

These results have been secured and their permanency is assured only because all of the elements and procedures of central control or management system as recommended by the Service for the Blind, U. S. Office of Education, Federal Security Agency, have been adopted and applied without qualification, modification, or variation. The fundamental principle is definitely observed that every stand must be established and maintained as a permanent employment opportunity for the blind and that it cannot serve this purpose by becoming the personal property of any individual. In the final analysis, this development is nothing but the application of well-recognized and approved sound business principles.

A FEW EXAMPLES OF VENDING STAND OPERATION IN THE DISTRICT OF COLUMBIA

In 1934 a partially sighted woman was given the privilege of operating a stand in a permanent Government building that is frequented by many visitors. There are approximately 1,200 persons employed in the building and there is a complete and elaborate cafeteria service operated by a catering organization. The stand established by this woman at first consisted of a card table and was soon expanded on a permanent basis to include some boards and a chair.

When the Public Buildings Administration was approached on the question of new permits in 1937, the problems of this stand were uppermost in their minds, and one of the first demands was that this problem had to be solved and this disreputable, unsightly nuisance removed.

After a few months of administration, the licensing agency (the Vocational Rehabilitation Service for the District of Columbia) informed the operator that she would be placed under control because of the demands of the Public Buildings Administration, and the only way to meet the requirements meant more definite management of her business for her. This woman stated that she was making less than \$10 per week and that she could not afford to pay any administration charges out of that income, and the agency quite agreed with this. However, the hope was expressed that sufficient new business would be developed to meet the administration costs without reducing the operator's present income. No change was made in the equipment or location for 6 months. The operator was given a weekly drawing account of \$10 and sufficient business was developed to pay the administration agency's charge, but there was not much more than the drawing account produced in the way of net income for the operator. One day this woman was ill and the supervisor operated the stand. Although she had steadily refused to permit any increases in her stock, the supervisor on this day doubled the amount of stock on this stand, and much to the operator's surprise, business increased from 40 percent to 50 percent almost immediately.

A short time later the Public Buildings Administration requested that the stand be moved a distance of 150 feet in order to clear the hallway, and again the operator objected because she would not be in as conspicuous and prominent a location, and she thought that her income would be seriously impaired because by this time her net profit was averaging about \$60 a month, in addition to the \$40 a month drawing account, thus making a total average income of \$100.

In June 1938, the agency completely re-equipped the new location, making a total investment of \$1,200 in fixtures, and increased the stock from \$100 to approximately \$250. There were no other changes made either in the operator or in the location. Two weeks after the new installation was completed, this stand required a full-time assistant. Sales had increased to \$300 per week from a previous high of about \$100 a week and the operator's net income has averaged close to \$70 per week and, in addition, the operator has paid the administration charges, an assistant, and all other operating expenses.

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Among the 8 permits in Federal buildings still in use as a residue of the 17 granted originally in 1934, the Vocational Rehabilitation Service found in January 1938, that one stand was being operated by a sighted woman in a building where there were approximately 350 employees and that two or three blind persons had tried to run a stand in the building but had been unsuccessful. Whereas the blind persons had had their meager equipment placed at the back door of the building, the sighted woman had equally offensive equipment at the front door.

The superintendent of the building stated that the employees on the premises had no particular objection to the woman personally but they did not appreciate her regular habit of making sandwiches on a newspaper covering some old boards and after spreading bread with jam to make a sandwich, she licked the knife with her tongue before using the same utensil to spread butter on the next sandwich. The superintendent contended that his associates were not anxious to be critical, but they would appreciate some improvement in technique.

The licensing agency decided to make a new installation of proper equipment at the back door of the building because the space at the front door was insufficient for the purpose, and again, the administrators in the building had become so prejudiced against the stand as operated by the sighted woman that orders were issued not to have any such service at that location again. The agency made an investment of \$1,150 in equipment and \$150 in stock. It must be remembered that this installation was made in a location that was decidedly second choice and had been forsaken by at least three previous operators because they could not earn carfare. The stand has been in operation since April 4, 1938, and its net income to a man and his wife is now averaging about \$160 every 4 weeks.

The first of the eight stands placed under control by the licensing agency is located in an old temporary building where a partially sighted man had been attempting to run a business since 1934. In November 1937, this man was ejected from the building by the administrator of the department occupying the premises because this partially sighted stand operator had persisted in almost continuous intoxication, the selling of numbers, the raffling of whiskey, and the encouragement of loitering on the part of undesirable and offensive companions, as well as incurring debts with creditors who came to the administrator for collection.

After his ejection, this man had turned his stand over to another stand operator who employed a sighted person to run his first location and attempted to operate the second one himself and thus control two stands. In January 1938, he was given an opportunity to make a choice of either one of the locations and he elected to remain in his first location.

The stand was doing about \$15 a day in sales and the operator then on the job thought he was doing very well and estimated he was earning about \$15 a week. When the stand was put under control, the stock was increased from \$45 to \$115. There were no other changes made in equipment or location and an absolutely inexperienced man was placed in charge and sighted supervision was given the stand from the beginning. Within 10

days, sales increased to \$30 a day and the net income for the new operator at the end of his first 3 weeks was \$115. The stand produced over \$3,000 in net income to the operator during 1938 and a little over this amount in 1939. This was in addition to all administration charges made by the financial agency and over and above all other operating expenses. There have never been more than 300 people in the building and because of the character of the building, departments are moved in and out on a temporary basis at frequent intervals and the operator is compelled continuously to build good will among new people.

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In April 1938, a stand was placed in a privately owned building that was occupied by 200 Work Projects Administration employees. An inexperienced operator was placed in charge of this first properly designed and equipped installation. His income during April and May was a little over \$100 per month, and early in June this man was promoted to a larger stand that was newly established.

The second operator at this stand continued until November 1938 when he was forced by ill health to give up his activity and shortly thereafter he died.

The third operator continued from November 1938 until October 1939. He was promoted to a better stand that was vacated also as the result of promotion.

The fourth operator continued at this location and was moved with the fixtures and stock to another location because in the replacement of employees in this building, there was insufficient trade to earn even a small drawing account. However, it is important to note that this one stand had four different operators within 2 years and that changes were made without difficulty and without the necessity for refinancing stock or equipment as a result of the changes. If the stand had been individually owned by the first operator, he would still be at that location with no hope or opportunity for promotion.

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One man after placement on a stand demonstrated very definitely his inability to cultivate repeat business with a large number of people. Accordingly, he was moved to a building that is frequented more by tourists than the average office building, and he has been placed in charge of a rather complete souvenir stand. The bulk of his trade is with out-of-town customers who may occasionally repeat in future years but who are not consistent, daily visitors at his counter. As a result, this man is getting along very nicely, his income is very close to \$50 per week, and he is much happier than in the previous location and his removal from the first stand provided an opportunity for a promotion for another man from a smaller stand to this one.

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Ordinarily most persons consider it essential that a stand shall be in a most prominent location in the lobby of a building. Such a stand was placed in a building with 275 employees, and after 2 years of operation, it was found that the stand's average sales were about \$150 per week. One day the administrator suggested that if the stand

were placed in the basement, employees might purchase more freely because they would know they could not be so easily observed by their immediate superiors. It required \$400 for additional capitalization to fit the stand into the new location. As a result of the moving and in spite of the less conspicuous location, business has doubled with a corresponding improvement to the operator's income. It is important to note that this change could not have been made if the stand had been owned privately by the operator, and it was unnecessary for the individual operator to worry about the increased financing problem.

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Another one of the 8 stands inherited by the licensing agency in 1938, was placed in a building with 225 employees, and the stand has been in operation since 1934. When the administrator was informed that the Washington Society for the Blind was going to re-equip this stand, he stated that in his opinion such an investment was unnecessary and unwarranted because the stand was receiving as much patronage as the employees could possibly give it. The sales at the time were averaging about \$25 per day. The new equipment was placed in January 1940, and the gross sales immediately jumped to an average of from \$35 to \$40 per day. The only alteration was that of better equipment.

In the group of 21 stands operating June 1, 1940, it is interesting to note that in addition to the 21 blind persons in charge, there are 5 other totally or partially blind persons acting as assistants. Of the 21 operators, 7 are on their first stand, 12 on their second stand, and 2 are on their third stand. Changes have been made for the most part as promotions from stands of smaller earning capacity to stands of larger responsibilities and earnings. One operator was removed because of his refusal to observe regulations.

A financial statement of the results of operation under the Washington Society for the Blind in its cooperative program with the Vocational Rehabilitation Service for the District of Columbia, is attached with explanatory material.

It is interesting to note that although one stand was closed during the 4-week period ending May 11, 1940 because of the removal of tenants from the building, 20 stand operators received a total income of \$3,612.51, for the 4-week period, or an average of \$180.62 per blind person.

Salient Points Covering Operating Period,
September 1, 1939 to May 11, 1940

Total indebtedness after depreciation as of September 1, 1939 \$15,448.42

Reconstruction Finance Corporation and	
McLachlen Banking Corporation joint loan	\$12,000.00
Welfare and Recreational Association note	3,448.42

Total Stand Investment - Original purchase price - 15 stands 17,296.30

Gross sales of 15 stands - Last 4-week period prior to September 1, 1939	15,565.58
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Operating Period - April 14 to May 11, 1940

Stands operated during period	20
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Total employee population in buildings	15,276
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Competitive stands in same buildings	8
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Balance notes payable	\$13,836.63
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Reconstruction Finance Corporation and	
McLachlen Banking Corporation joint loan	\$10,787.63
Welfare and Recreational Association note	3,049.00

Total stand investment	24,120.65
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Equipment	19,096.15
Stock and petty cash	5,024.50

Gross sales	19,779.37
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Gross profit	6,218.20
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Percent gross	31.4		
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Administrative fund	1,186.76
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Salaries, operator's help	906.16
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Total earnings to operators	3,612.51
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Percent net	18.21		
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Per capita sales - Society stands	1.29
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WASHINGTON SOCIETY FOR THE BLIND
Balance Sheet - 5th Period closing May 11, 1940

Assets

Cash on deposit	\$505.09
Petty cash - Office	15.00
Stand stock and petty cash	5,024.50
Equipment - Office	225.84
Equipment - Stand	19,096.15
Notes receivable	30.00
	<u>24,890.38</u>

Liabilities and Capital

Notes payable - Welfare and Recreational Association	3,049.00
Notes payable - Reconstruction Finance Corporation and McLachlen Banking Corporation	10,787.63
Accounts - Stand operators	88.45
Accumulated net income	7,034.60
Capital account	1,856.25
Reserve for depreciation	1,969.88
Cash reserve for supervision	110.57
	<u>24,896.38</u>

WASHINGTON SOCIETY FOR THE BLIND
Statement of Operations - April 14 to May 11, 1940
Gross and Net Income

Administrative fund	\$1,186.76
Vending machine income	
(a) Cigarettes, cigars, etc.	96.41
(b) Candy, gum	179.50
Donations	- -
	<u>1,432.67</u>
Gross income	
Office pay roll	125.00
Office supplies	2.25
Office expense	42.21
Stand insurance	42.25
Stand maintenance - repairs, replacements	14.55
Expense - General stand	22.15
Expense - administrative	207.30
Interest on notes payable	49.18
	<u>504.89</u>
Net income	<u>\$957.78</u>

WASHINGTON SOCIETY FOR THE BLIND
Accumulated Gross and Net Income as of May 11, 1940

Administrative fund		\$2,896.56
Vending machine income		
(a) Cigarettes, cigars, etc.		629.40
(b) Candy, gum		1,362.42
Donations		23.00
	Gross income	<u>10,911.38</u>
Office pay roll	1,135.00	
Office supplies	93.65	
Office expense	271.26	
Office insurance	44.00	
Stand insurance	1,100.52	
Stand maintenance - repairs, replacements	275.53	
Expense - general stand	186.06	
Expense - administrative	297.98	
Interest on notes payable	415.43	
Warehouse - reserve equipment	57.45	3,876.78
	Net income	<u>\$7,034.60</u>

WASHINGTON SOCIETY FOR THE BLIND
Stand Operations - 5th Period April 14 to May 11, 1940

Gross sales		\$19,779.37
Deduct		
Merchandise purchased	13,936.20	
Pay roll - Operator's help	908.18	
Expense purchases	571.88	
	<u>15,416.84</u>	
Opening inventory - 4/14/40	4,648.87	
	<u>20,065.71</u>	
Closing inventory - 5/11/40	5,024.50	15,041.21
Net operating profit		<u>4,738.18</u>
Deduct		
Administrative fund		1,186.76
Net profit to operators		<u>\$3,551.40</u>

WASHINGTON SOCIETY FOR THE BLIND

Accumulative Stand Operations - September 1, 1939 to May 11, 1940

Gross sales		\$148,278.51
Deduct		
Merchandise purchased	102,214.89	
Pay roll - Operator's help	6,185.83	
Expense purchases	4,617.55	
	<u>113,018.27</u>	
Opening inventories	34,920.39	
	<u>147,938.66</u>	
Closing inventories	35,528.90	<u>112,409.76</u>
Net operating profit		35,866.75
Deduct		
Administrative fund		<u>8,896.56</u>
Net profit to operators		<u>\$26,970.19</u>

OPERATION RECORD OF REHABILITATION STANDS

5th Period, April 14 - May 11, 1940

[illegible]

EXPLANATION OF WASHINGTON SOCIETY FOR THE BLIND BALANCE SHEET,
5TH PERIOD CLOSING MAY 11, 1940

Assets

Stand Stock and Petty Cash -- This item includes all merchandise on the stands and petty cash given the operator for change. Each week is begun with the petty cash, which has been assigned to each stand, in the drawer.

Notes Receivable -- This represents a personal loan made to an operator for which he gave a note to the Washington Society for the Blind. Payments are made from his net earnings.

Liabilities and Capital

Notes Payable - Reconstruction Finance Corporation and McLachlen Banking Corporation jointly, and Welfare and Recreational Association--these two notes were originally a total of \$12,000 to the Reconstruction Finance Corporation and the McLachlen Banking Corporation jointly and \$3,448.42 to the Welfare and Recreational Association of Public Buildings and Grounds. As described in the explanatory material, this latter association was the first financing agency cooperating with the Vocational Rehabilitation Service for the District of Columbia in establishing stands. The note given the Welfare and Recreational Association represents the difference between the Reconstruction Finance Corporation - McLachlen Banking Corporation joint loan and the actual amount of the net obligation at the time ownership of the stands was transferred from the Welfare and Recreational Association to the Washington Society for the Blind. The amounts of these two notes shown on this statement are the residue as a result of payments made since September 1, 1939.

Accounts - Stand Operators. -- This is an amount due to stand operators as reimbursement to them for expanded inventories above the amount of merchandise originally charged to them. The expansion was made by the operators from their sales and gross profits and they are reimbursed when checking inventories are taken or it may be held as a credit for them to reimburse the Society in case of liquidation and as a protection to the Society against losses.

Accumulated Net Income -- This represents the amount of cash which the Society has had available for reinvestment as a capital account in the stand program after operating expenses have been paid from the gross income derived through the administration fund charge and the sponsorship of vending machines beginning as of September 1, 1939.

Capital Account -- These funds are moneys transferred from the general account of the Washington Society for the Blind to the stand program and represents income secured through the sponsorship of such events as an amateur football game, amateur boxing carnival, skating carnival, and accumulated income from the sponsorship of vending machines

before the Society purchased the holdings of the Welfare and Recreational Association in the stand program September 1, 1939. These funds have been invested in the expansion of the stand program and are in addition to the accumulated net income produced since September 1, 1939.

Reserve for Depreciation -- This represents book depreciation from the original purchase price of equipment and stock and is not actual cash in the bank.

Cash Reserve for Supervision -- The net profit from a training stand is accumulated and is used for supervisory expense for all stands.

EXPLANATION OF WASHINGTON SOCIETY FOR THE BLIND ACCUMULATED
GROSS AND NET INCOME AS OF MAY 11, 1940

Administrative Fund -- This is the amount derived by charging 8 percent of the sales on all stands from September 1, 1939 to May 11, 1940.

Vending Machine Income -- These funds are derived by cooperative arrangement with the National Society for the Blind in the sponsoring of vending machines in non-federal buildings.

Stand Insurance -- This includes complete public liability insurance to protect customers against injury in the amounts from \$10,000 to \$25,000. Protection includes food-poisoning regardless of whether food is consumed at the stand or off the premises. This item also includes fire insurance for all stock and equipment on the stands.

Expense - General Stand -- This includes expenditures made in the development of any particular equipment that is not chargeable to a particular stand location and which may be used in all the stands.

Expense - Administrative -- This includes such items as expense for auditors, postage for Society correspondence concerning matters other than immediate stand operation, and similar expenses of a general character relating to the Society's entire program.

Interest on Notes Payable -- This is interest paid on the two notes as described previously, i.e., Welfare and Recreational Association, and Reconstruction Finance Corporation and McLachlen Banking Corporation.

Warehouse - Reserve Equipment -- This is the value of equipment that has been purchased for use on a stand and has been removed and placed in storage pending future allocation to a particular location.

SALIENT POINTS COVERING OPERATING PERIOD,
SEPTEMBER 1, 1939 TO _

Total Indebtedness after Depreciation as of September 1, 1939	\$15,448.42
Reconstruction Finance Corporation and McLachlen Banking Corporation joint loan	\$12,000.00
Welfare and Recreational Association note	3,448.42
Total stand investment - Original purchase price - 15 stands	17,298.30
Gross sales of 15 stands - Last 4-week period prior to September 1, 1939	15,565.53

Operating Period _____

Stands operated during period	_____
Total employee population in buildings	_____
Competitive stands in same buildings	_____
Balance notes payable	_____
Reconstruction Finance Corporation and McLachlen Banking Corporation joint loan	_____
Welfare and Recreational Association note	_____
Total stand investment	_____
Equipment	_____
Stock and petty cash	_____
Gross sales	_____
Gross profit	_____
Percent gross	_____
Administrative fund	_____
Salaries, Operator's help	_____
Total earnings to operators	_____
Percent net	_____
Per capita sales - Society Stands	_____

